



General Assembly

February Session, 2006

Amendment

LCO No. 4929

HB0568804929HDO

Offered by:
REP. FONTANA, 87th Dist.

To: Subst. House Bill No. 5688

File No. 578

Cal. No. 387

**"AN ACT CONCERNING ENERGY EFFICIENCY AND ELECTRIC
DEREGULATION AND THE GROSS RECEIPTS TAX."**

1 Strike lines 1 to 813, inclusive, in their entirety and insert the
2 following in lieu thereof:

3 "Section 1. Section 12-264 of the 2006 supplement to the general
4 statutes is repealed and the following is substituted in lieu thereof
5 (*Effective July 1, 2006*):

6 (a) Each (1) [Connecticut municipality or department or agency
7 thereof, or Connecticut district, manufacturing, selling or distributing
8 gas or electricity] municipality, or department or agency thereof, or
9 district manufacturing, selling or distributing gas to be used for light,
10 heat or power, [in this chapter and in chapter 212a called a "municipal
11 utility",] (2) company the principal business of which is
12 manufacturing, selling or distributing gas or steam to be used for light,
13 heat or power, including each foreign municipal electric utility, as
14 defined in section 12-59, and given authority to engage in business in
15 this state pursuant to the provisions of section 16-246c*, and (3)

16 company required to register pursuant to section 16-258a shall pay a
17 quarterly tax upon gross earnings from such operations in this state.
18 Gross earnings from such operations under subdivisions (1) and (2) of
19 this subsection shall include (A) all income classified as operating
20 revenues by the Department of Public Utility Control in the uniform
21 systems of accounts prescribed by said department for operations
22 within the taxable quarter and, with respect to each such company, (B)
23 all income classified in said uniform systems of accounts as income
24 from merchandising, jobbing and contract work, (C) income from
25 nonutility operations, (D) revenues from lease of physical property not
26 devoted to utility operation, and (E) receipts from the sale of residuals
27 and other by-products obtained in connection with the production of
28 gas, electricity or steam. Gross earnings from such operations under
29 subdivision (3) of this subsection shall be gross income from the sales
30 of natural gas, provided gross income shall not include income from
31 the sale of natural gas to an existing combined cycle facility comprised
32 of three gas turbines providing electric generation services, as defined
33 in section 16-1, as amended by this act, with a total capacity of seven
34 hundred seventy-five megawatts, for use in the production of
35 electricity. Gross earnings of a gas company, as defined in section 16-1,
36 as amended by this act, shall not include income earned in a taxable
37 quarter commencing prior to June 30, 2008, from the sale of natural gas
38 or propane as a fuel for a motor vehicle. No deductions shall be
39 allowed from such gross earnings for any commission, rebate or other
40 payment, except a refund resulting from an error or overcharge and
41 those specifically mentioned in section 12-265. Gross earnings of a
42 company as described in subdivision (2) of this subsection shall not
43 include income earned in any taxable quarter commencing on or after
44 July 1, 2000, from the sale of steam.

45 (b) (1) Each such company and [municipal utility] municipality, or
46 department or agency thereof, or district manufacturing, selling or
47 distributing gas to be used for light, heat or power shall, on or before
48 the last day of January, April, July and October of each year, render to
49 the Commissioner of Revenue Services a return on forms prescribed or

50 furnished by the commissioner and signed by its treasurer or the
51 person performing the duties of treasurer, or by an authorized agent or
52 officer, specifying (A) the name and location of such company or
53 municipal utility, (B) the amount of gross earnings from operations for
54 the quarter ending with the last day of the preceding month, (C) the
55 gross earnings from the sale or rental of appliances using water, steam,
56 gas or electricity and the cost of such appliances sold, cost to be
57 interpreted as net invoice price plus transportation costs of such
58 appliances, (D) the gross earnings from all sales for resale of water,
59 steam, gas and electricity, whether or not the purchasers are public
60 service corporations, municipal utilities, located in the state or subject
61 to the tax imposed by this chapter, (E) the number of miles of water or
62 steam pipes, gas mains or electric wires operated by such company or
63 municipal utility within this state on the first day and on the last day
64 of the calendar year immediately preceding, and (F) the number of
65 miles of water or steam pipes, gas mains or electric wires wherever
66 operated by such company or municipal utility on said dates. Gas
67 pipeline and gas transmission companies which do not manufacture or
68 buy gas in this state for resale in this state shall be subject to the
69 provisions of chapter 208 and shall not be subject to the provisions of
70 this chapter and chapter 212a.

71 (2) No person, firm, corporation or municipality that is chartered or
72 authorized by this state to transmit or sell gas within a franchise area
73 shall transmit gas for any person that sells gas to be used for light, heat
74 or power to an end user or users located in this state, unless such seller
75 has registered with the Department of Revenue Services for purposes
76 of the tax imposed under this chapter. The provisions of this
77 subdivision shall not apply to the transmission of gas for any seller
78 that is a gas company, as defined in section 16-1, as amended by this
79 act, municipal gas utility established under chapter 101 or any other
80 gas utility owned, leased, maintained, operated, managed or
81 controlled by any unit of local government under any general statute
82 or any public or special act, or a gas pipeline or gas transmission
83 company subject to the provisions of chapter 208.

84 (3) The Commissioner of Revenue Services may make public the
85 names and addresses of each person that sells gas to be used for light,
86 heat or power to an end user or users located in this state and has
87 registered with the Department of Revenue Services for purposes of
88 the tax imposed under this chapter, and that is not a gas company, as
89 defined in section 16-1, as amended by this act, a municipal gas utility
90 established under chapter 101 or any other gas utility owned, leased,
91 maintained, operated, managed or controlled by any unit of local
92 government under any general statute or any public or special act, or a
93 gas pipeline or gas transmission company subject to the provisions of
94 chapter 208.

95 (c) (1) Each electric distribution company, as defined in section 16-1,
96 as amended by this act, or municipality, or department or agency
97 thereof, or district manufacturing, selling or distributing electricity to
98 be used for light, heat or power, providing electric transmission
99 services, as defined in said section 16-1, or electric distribution
100 services, as defined in said section 16-1, shall pay a quarterly tax upon
101 its gross earnings in each calendar quarter at the rate of (A) eight and
102 one-half per cent of its gross earnings from providing electric
103 transmission services or electric distribution services allocable to other
104 than residential service and (B) six and eight-tenths per cent of such
105 gross earnings from providing electric transmission services or electric
106 distribution services allocable to residential service.

107 (2) For purposes of this subsection, gross earnings from providing
108 electric transmission services or electric distribution services shall
109 include (A) all income classified as income from providing electric
110 transmission services or electric distribution services by the
111 Department of Public Utility Control in the uniform system of accounts
112 prescribed by said department and (B) the competitive transition
113 assessment collected pursuant to section 16-245g, other than any
114 component of such assessment that constitutes transition property as
115 to which an electric distribution company has no right, title or interest
116 pursuant to subsection (a) of section 16-245h, the systems benefits
117 charge collected pursuant to section 16-245l, as amended, and the

118 assessments charged under sections 16-245m, as amended, and 16-
119 245n, as amended. Such gross earnings shall not include income from
120 providing electric transmission services or electric distribution services
121 to a company described in subsection (c) of section 12-265, as amended
122 by this act.

123 (3) Each electric distribution company and municipality, or
124 department or agency thereof, or district manufacturing, selling or
125 distributing electricity to be used for light, heat or power shall, on or
126 before the last day of January, April, July and October of each year,
127 render to the Commissioner of Revenue Services a return on forms
128 prescribed or furnished by the commissioner and signed by its
129 treasurer, or the person performing the duties of treasurer, or of an
130 authorized agent or officer, with such other information as the
131 Commissioner of Revenue Services deems necessary.

132 (d) The tax imposed by this chapter is due and payable to the
133 Commissioner of Revenue Services quarterly on or before the last day
134 of the month next succeeding each calendar quarter.

135 Sec. 2. Section 12-265 of the general statutes is repealed and the
136 following is substituted in lieu thereof (*Effective July 1, 2006*):

137 (a) As used in this section (1) with regard to electric power, "sales
138 for resale" include (A) sales of electric power capacity, (B) power
139 output from such capacity, and (C) all transmission charges in
140 conjunction with such sales on or after May 17, 1982, [and] (2) "net
141 invoice price" means invoice price less trade discounts, and (3)
142 "municipal utility" means a municipality, or department or agency
143 thereof, or district manufacturing, selling or distributing gas or
144 electricity to be used for light, heat or power.

145 (b) (1) Each company and municipal utility included in section 12-
146 264, as amended by this act, other than an electric distribution
147 company, as defined in section 16-1, as amended by this act, included
148 in subsection (c) of section 12-264, as amended by this act, and other
149 than a municipality, or department or agency thereof, or district

150 manufacturing, selling or distributing electricity to be used for light,
151 heat or power, shall be taxed at the rate of five per cent upon the
152 amount of gross earnings in each taxable quarter from operations,
153 except as set forth in subsection (c) or (d) of this section and except that
154 each company and municipal utility manufacturing, selling or
155 distributing gas or electricity to be used for light, heat or power shall
156 be taxed at the rate of four per cent upon the amount of gross earnings
157 in each taxable quarter allocable to residential service, but deduction
158 shall be made of gross earnings (A) from all sales for resale of water,
159 steam, gas and electricity to public service corporations and municipal
160 utilities, whether or not such purchasers are Connecticut public service
161 corporations or Connecticut municipal utilities, and whether or not
162 they are subject to the tax imposed by this chapter, (B) from any
163 federal BTU energy tax included in adjustment clause and base-rate
164 revenues, (C) from sales of appliances using water, steam, gas or
165 electricity by each such company of the net invoice price plus
166 transportation costs of such appliances, (D) of electric and gas
167 companies, as defined in section 16-1, as amended by this act, from
168 energy conservation loan programs, (E) from all sales for resale of gas
169 to companies registered pursuant to section 16-258a, and (F) from all
170 sales of natural gas to a user or entity located outside the state.

171 (2) Gross earnings for any taxable quarter, for the purposes of
172 assessment and taxation, shall be as follows: (A) In the case of a
173 company or municipal utility, other than a municipality, or
174 department or agency thereof, or district manufacturing, selling or
175 distributing electricity to be used for light, heat or power, carrying on
176 business or operating entirely within this state, the amount of gross
177 earnings from operations; (B) in the case of a company or municipal
178 utility, other than a municipality, or department or agency thereof, or
179 district manufacturing, selling or distributing electricity to be used for
180 light, heat or power, carrying on business or operations a part of which
181 is outside of this state, (i) such portion of the amount of gross earnings
182 from operations determined under the provisions of section 12-264, as
183 amended by this act, as is represented by the ratio of the number of

184 miles of water or steam pipes, gas mains or electric wires operated by
185 such company or municipal utility within this state on the first day
186 and on the last day of the calendar year immediately preceding to the
187 total number of miles of water or steam pipes, gas mains or electric
188 wires operated by such company or municipal utility on said dates; or
189 (ii) in the case of a company required to register pursuant to section 16-
190 258a, such portion of the amount of gross earnings from operations
191 determined under the provisions of section 12-264, as amended by this
192 act, as is represented by the ratio of the sales in this state to end users
193 during such quarter to the total sales everywhere to end users during
194 such quarter.

195 (c) (1) The rate of tax on the sale, furnishing or distribution of
196 electricity or natural gas for use directly by a company engaged in a
197 manufacturing production process, in accordance with the Standard
198 Industrial Classification Manual, United States Office of Management
199 and Budget, 1987 edition, classifications 2000 to 3999, inclusive, or
200 Sector 31, 32 or 33 in the North American Industrial Classification
201 System United States Manual, United States Office of Management and
202 Budget, 1997 edition, shall be four per cent with respect to calendar
203 quarters commencing on or after January 1, 1994, and prior to January
204 1, 1995, three per cent with respect to calendar quarters commencing
205 on or after January 1, 1995, and prior to January 1, 1996, and two per
206 cent with respect to calendar quarters commencing on or after January
207 1, 1996, and prior to January 1, 1997. The sale, furnishing or
208 distribution of electricity or natural gas for use by a company as
209 provided in this subsection shall not be subject to the provisions of this
210 chapter with respect to calendar quarters commencing on or after
211 January 1, 1997. Not later than thirty days after May 19, 1993, and
212 thirty days after the effective date of each rate decrease provided for in
213 this section, each electric and gas public service company, as defined in
214 section 16-1, as amended by this act, which does not have a proposed
215 rate amendment under section 16-19 pending before the Department of
216 Public Utility Control at such time, shall request the department to
217 reopen the proceeding under section 16-19 on the company's most

218 recent rate amendment, solely for the purpose of decreasing the
219 company's rates to reflect the decreases required under this section.
220 The department shall immediately reopen such proceedings, solely for
221 such purpose.

222 (2) For purposes of this subsection, the sale, furnishing or
223 distribution of natural gas for use as fuel in the operation of a
224 cogeneration facility providing electricity or steam to a company
225 engaged in a manufacturing production process described in
226 subdivision (1) of this subsection shall be deemed to be a sale,
227 furnishing or distribution of natural gas for use directly by such
228 company in such process where such cogeneration facility is located
229 entirely on the premises owned or controlled by such company,
230 whether or not the cogeneration facility is owned or operated by such
231 company.

232 (d) The rate of tax on the sale, furnishing or distribution of steam for
233 use by a company, as described in subdivision (2) of subsection (a) of
234 section 12-264, as amended by this act, shall be: (1) Four per cent with
235 respect to calendar quarters commencing on or after July 1, 1996, and
236 prior to July 1, 1997; (2) three per cent with respect to calendar quarters
237 commencing on or after July 1, 1997, and prior to July 1, 1998; (3) two
238 per cent with respect to calendar quarters commencing on or after July
239 1, 1998, and prior to July 1, 1999; and (4) one per cent with respect to
240 calendar quarters commencing on or after July 1, 1999, and prior to
241 July 1, 2000. The sale, furnishing or distribution of steam as provided
242 in this subsection shall not be subject to the provisions of this chapter
243 with respect to calendar quarters commencing on or after July 1, 2000.

244 Sec. 3. Subdivision (1) of subsection (a) of section 12-213 of the 2006
245 supplement to the general statutes is repealed and the following is
246 substituted in lieu thereof (*Effective July 1, 2006*):

247 (1) "Taxpayer" and "company" mean any corporation, foreign
248 municipal electric utility, as defined in section 12-59, electric
249 distribution company, as defined in section 16-1, as amended, electric

250 supplier, as defined in section 16-1, as amended, generation entity or
251 affiliate, as defined in section 16-1, as amended, joint stock company or
252 association or any fiduciary thereof and any dissolved corporation
253 which continues to conduct business but does not include a passive
254 investment company or municipal utility, as defined in [chapter 212
255 and chapter 212a] section 12-265, as amended by this act.

256 Sec. 4. Section 12-268a of the general statutes is repealed and the
257 following is substituted in lieu thereof (*Effective July 1, 2006*):

258 If the method of apportionment provided for in section 12-251,
259 section 12-258 or section 12-265 unfairly attributes to this state an
260 undue proportion of its business activity, a company or municipal
261 utility, as defined in section 12-265, as amended by this act, may
262 petition for an alternate method of apportionment by filing with its
263 return to the commissioner a statement of its objections and of such
264 proposed other method of apportionment as it believes proper and
265 equitable under the circumstances, accompanied by supporting details
266 and proofs. The commissioner, within a reasonable time thereafter,
267 shall notify the company or municipal utility whether the proposed
268 method is accepted as reasonable and equitable and, if so accepted,
269 shall adjust the return and tax accordingly. With respect to any
270 company [or municipal utility] included in section 12-249, section 12-
271 256 or section 12-264 or municipal utility, as defined in section 12-265,
272 as amended by this act, the commissioner, at any time within three
273 years after the filing by it of a return based on the method of
274 apportionment provided for in section 12-249, section 12-258 or section
275 12-265, as amended by this act, may change such method if, in his
276 opinion, such method has operated or will operate so as to subject the
277 company or municipal utility to taxation on a lesser portion of its
278 business activity than is properly and equitably attributable to this
279 state, and shall thereupon proceed to assess and collect taxes in
280 accordance with such method as so changed by him.

281 Sec. 5. Subdivision (1) of subsection (a) of section 12-268c of the
282 general statutes is repealed and the following is substituted in lieu

283 thereof (*Effective July 1, 2006*):

284 (a) (1) Any company [or municipal utility] included in section 12-
285 249, 12-256 or 12-264 or municipal utility, as defined in section 12-265,
286 as amended by this act, believing that it has overpaid any taxes due
287 under the provisions of chapter 210, 211 or 212 may file a claim for
288 refund in writing with the commissioner within three years from the
289 due date for which such overpayment was made, stating the specific
290 grounds upon which the claim is founded. Failure to file a claim
291 within the time prescribed in this section constitutes a waiver of any
292 demand against the state on account of overpayment. Not later than
293 ninety days following receipt of such claim for refund, the
294 commissioner shall determine whether such claim is valid and, if so,
295 said commissioner shall notify the State Comptroller of the amount of
296 such refund and the State Comptroller shall draw an order on the State
297 Treasurer in the amount thereof for payment to such company or
298 municipal utility. If the commissioner determines that such claim is not
299 valid, either in whole or in part, he shall mail notice of the proposed
300 disallowance in whole or in part of the claim to the claimant, which
301 notice shall set forth briefly the commissioner's findings of fact and the
302 basis of disallowance in each case decided in whole or in part
303 adversely to the claimant. Sixty days after the date on which it is
304 mailed, a notice of proposed disallowance shall constitute a final
305 disallowance except only for such amounts as to which the taxpayer
306 filed, as provided in subdivision (2) of this subsection, a written
307 protest with the commissioner.

308 Sec. 6. Subsection (a) of section 12-268d of the general statutes is
309 repealed and the following is substituted in lieu thereof (*Effective July*
310 *1, 2006*):

311 (a) If any company [or municipal utility] included in section 12-249,
312 section 12-256 or section 12-264 or municipal utility, as defined in
313 section 12-265, as amended by this act, fails to pay the amount of tax
314 reported to be due on its return within the time specified under the
315 provisions of chapter 210, 211, 212 or this chapter, there shall be

316 imposed a penalty equal to ten per cent of such amount due and
317 unpaid, or fifty dollars, whichever is greater. Such amount shall bear
318 interest at the rate of one per cent per month or fraction thereof, from
319 the due date of such tax until the date of payment.

320 Sec. 7. (NEW) (*Effective July 1, 2006*) (a) A municipal electric energy
321 cooperative, created pursuant to chapter 101a of the general statutes,
322 shall submit a comprehensive report on the activities of the municipal
323 electric utilities with regard to promotion of renewable energy
324 resources. Such report shall identify the standards and activities of
325 municipal electric utilities in the promotion, encouragement and
326 expansion of the deployment and use of renewable energy sources
327 within the service areas of the municipal electric utilities for the prior
328 calendar year. The cooperative shall submit the report to the
329 Renewable Energy Investment Advisory Committee established
330 pursuant to section 16-245n of the 2006 supplement to the general
331 statutes not later than ninety days after the end of each calendar year
332 that describes the activities undertaken pursuant to this subsection
333 during the previous calendar year for the promotion and development
334 of renewable energy sources for all electric customer classes.

335 (b) Such cooperative shall develop standards for the promotion of
336 renewable resources that apply to each municipal electric utility. On or
337 before January 1, 2007, and annually thereafter, such cooperative shall
338 submit such standards to the Renewable Energy Investment Advisory
339 Committee.

340 Sec. 8. (NEW) (*Effective October 1, 2006*) (a) Notwithstanding any
341 provision of the general statutes, any (1) new construction of a facility
342 that is projected to cost not less than five million dollars, that is
343 financed with state funds and is approved and funded on or after
344 January 1, 2007, and (2) any renovation of a facility that is projected to
345 cost not less than two million dollars, that is financed with state funds
346 and is approved and funded on or after January 1, 2007, shall comply
347 with the regulations adopted pursuant to subsection (b) of this section.
348 The Secretary of the Office of Policy and Management, in consultation

349 with the Commissioner of Public Works, shall exempt any facility from
350 complying with said regulations if the Institute for Sustainable Energy
351 finds, in a written analysis, that the cost of such compliance
352 significantly outweighs the benefits. For purposes of this section,
353 "facility" means any building, including, but not limited to, a state-
354 financed housing project or a building that is used or intended to be
355 used as a school.

356 (b) Not later than January 1, 2007, the Secretary of the Office of
357 Policy and Management, in consultation with the Commissioner of
358 Public Works, the Commissioner of Environmental Protection and the
359 Commissioner of Public Safety, shall adopt regulations, in accordance
360 with the provisions of chapter 54 of the general statutes, to adopt
361 building construction standards that are consistent with or exceed the
362 silver building rating of the Leadership in Energy and Environmental
363 Design's rating system for new commercial construction and major
364 renovation projects, as established by the United States Green Building
365 Council, or an equivalent standard, including, but not limited to, a
366 two-globe rating in the Green Globes USA design program, and
367 thereafter update such regulations as the secretary deems necessary.

368 Sec. 9. Section 10-286 of the 2006 supplement to the general statutes
369 is repealed and the following is substituted in lieu thereof (*Effective*
370 *October 1, 2006*):

371 (a) The amount of the grant approved by the Commissioner of
372 Education under the provisions of this chapter for any completed
373 school building project shall be computed as follows:

374 (1) For the fiscal year ending June 30, 1984, and each fiscal year
375 thereafter, in the case of a new school plant, an extension of an existing
376 school building or projects involving the major alteration of any
377 existing building to be used for school purposes, the eligible
378 percentage, as determined in section 10-285a, as amended, of the result
379 of multiplying together the number representing the highest projected
380 enrollment, based on data acceptable to the Commissioner of

381 Education, for such building during the eight-year period from the
382 date a local or regional board of education files a notification of a
383 proposed school building project with the Department of Education,
384 the number of gross square feet per pupil determined by the
385 Commissioner of Education to be adequate for the kind of educational
386 program or programs intended, and the eligible cost of such project,
387 divided by the gross square feet of such building, or the eligible
388 percentage, as determined in section 10-285a, as amended, of the
389 eligible cost of such project, whichever is less, provided, (A) any such
390 project on which construction was started prior to July 1, 1975, shall be
391 reimbursed under the formula in effect prior to said date, (B) any such
392 project on which construction or payments under this chapter were
393 started after June 30, 1975, but prior to July 31, 1983, shall be
394 reimbursed based upon the data, submitted for each such project and
395 accepted by the Department of Education during said period,
396 representing the number of pupils the plant was designed to
397 accommodate, (C) any project for which final grant calculation has
398 been made after June 30, 1975, but prior to July 31, 1983, shall be
399 reimbursed based upon such final calculation, and (D) any such project
400 for which estimated grant payments were begun prior to July 31, 1983,
401 shall be reimbursed based upon the calculation formula used in
402 making such estimated grant payments;

403 (2) In case of projects involving the purchase of an existing building
404 to be used for school purposes, the eligible percentage, as determined
405 in section 10-285a, as amended, of the eligible cost as determined by
406 the Commissioner of Education, provided any project for which an
407 application is made on or after July 1, 1995, involving the purchase and
408 renovation of an existing facility, may be exempt from the standard
409 space specifications, and otherwise ineligible repairs and replacements
410 may be considered eligible for reimbursement as part of such a project,
411 if information is provided acceptable to the commissioner
412 documenting the need for such work and the cost savings to the state
413 and the school district of such purchase and renovation project in
414 comparison to alternative construction options;

415 (3) If any school building project described in subdivisions (1) and
416 (2) of this subsection includes the construction, extension or major
417 alteration of outdoor athletic facilities, tennis courts or a natatorium,
418 gymnasium or auditorium, the grant for the construction of such
419 outdoor athletic facilities, tennis courts and natatorium shall be limited
420 to one-half of the eligible percentage for subdivisions (1) and (2) of the
421 net eligible cost of construction thereof; the grant for the construction
422 of an area of spectator seating in a gymnasium shall be one-half of the
423 eligible percentage for subdivisions (1) and (2) of the net eligible cost of
424 construction thereof; and the grant for the construction of the seating
425 area in an auditorium shall be limited to one-half of the eligible
426 percentage for subdivisions (1) and (2) of the net eligible cost of
427 construction of the portion of such area that seats one-half of the
428 projected enrollment of the building, as defined in subdivision (1) of
429 this subsection, which it serves;

430 (4) In the case of a regional vocational agriculture center or the
431 purchase of equipment pursuant to subsection (a) of section 10-65 or a
432 regional special education facility pursuant to section 10-76e, an
433 amount equal to the eligible cost of such project, as determined by the
434 Commissioner of Education;

435 (5) In the case of a public school administrative or service facility,
436 one-half of the eligible percentage for subdivisions (1) and (2) of this
437 subsection of the eligible project cost as determined by the
438 Commissioner of Education, or in the case of a regional educational
439 service center administrative or service facility, the eligible percentage,
440 as determined pursuant to subsection (c) of section 10-285a, as
441 amended, of the eligible project cost as determined by the
442 commissioner;

443 (6) In the case of the total replacement of a roof or the total
444 replacement of a portion of a roof which has existed for at least twenty
445 years, or in the case of the total replacement of a roof or the total
446 replacement of a portion of a roof which has existed for fewer than
447 twenty years when it is determined by a registered architect or

448 registered engineer that such roof was improperly designed or
449 improperly constructed and the town is prohibited from recovery of
450 damages or has no other recourse at law or in equity, the eligible
451 percentage for subdivisions (1) and (2) of this subsection, of the eligible
452 cost as determined by the Commissioner of Education. In the case of
453 the total replacement of a roof or the total replacement of a portion of a
454 roof which has existed for fewer than twenty years (A) when it is
455 determined by a registered architect or registered engineer that such
456 roof was improperly designed or improperly constructed and the town
457 has recourse at law or in equity and recovers less than such eligible
458 cost, the eligible percentage for subdivisions (1) and (2) of this
459 subsection of the difference between such recovery and such eligible
460 cost, and (B) when the roof is at least fifteen years old but less than
461 twenty years old and it cannot be determined by a registered architect
462 or registered engineer that such roof was improperly designed or
463 improperly constructed, the eligible percentage for subdivisions (1)
464 and (2) of this subsection of the eligible project costs provided such
465 costs are multiplied by the ratio of the age of the roof to twenty years.
466 For purposes of this subparagraph, the age of the roof shall be
467 determined in whole years to the nearest year based on the time
468 between the completed installation of the old roof and the date of the
469 grant application for the school construction project for the new roof;

470 (7) For the fiscal year ending June 30, 1984, and for each fiscal year
471 thereafter, in the case of projects to correct code violations, the eligible
472 percentage, as determined in section 10-285a, as amended, of the
473 eligible cost as determined by the Commissioner of Education;

474 (8) In the case of a renovation project for which an application is
475 made on or after July 1, 1995, the eligible percentage as determined in
476 subsection (b) of section 10-285a, as amended, multiplied by the
477 eligible costs as determined by the commissioner, provided the project
478 may be exempt from the standard space specifications, and otherwise
479 ineligible repairs and replacements may be considered eligible for
480 reimbursement as part of such a project, if information is provided
481 acceptable to the commissioner documenting the need for such work

482 and the cost savings to the state and the school district of such
483 renovation project in comparison to alternative construction options;

484 (9) In the case of projects approved to remedy certified school
485 indoor air quality emergencies, the eligible percentage, as determined
486 in section 10-285a, as amended, of the eligible cost as determined by
487 the Commissioner of Education;

488 (10) On or after January 1, 2007, in the case of a construction of a
489 school building that is projected to cost not less than five million
490 dollars that is consistent with or exceeds the building construction
491 standards developed pursuant to subsection (b) of section 4 of this act,
492 or for the renovation of a school building that is projected to cost not
493 less than two million dollars that complies with said standards, one
494 hundred per cent of the costs of construction or renovation that are
495 attributable to conforming the construction or renovation to said
496 standards, as determined by the commissioner, in consultation with
497 the Secretary of the Office of Policy and Management.

498 (b) (1) In the case of all grants computed under this section for a
499 project which constitutes a replacement, extension or major alteration
500 of a damaged or destroyed facility, no grant may be paid if a local or
501 regional board of education has failed to insure its facilities and capital
502 equipment in accordance with the provisions of section 10-220. The
503 amount of financial loss due to any damage or destruction to any such
504 facility, as determined by ascertaining the replacement value of such
505 damage or destruction, shall be deducted from project cost estimates
506 prior to computation of the grant.

507 (2) In the case of any grants computed under this section for a
508 school building project authorized pursuant to section 10-283 after July
509 1, 1979, any federal funds or other state funds received for such school
510 building project shall be deducted from project costs prior to
511 computation of the grant.

512 (3) The limitation on grants for new outdoor athletic facilities, tennis
513 courts, natatorium, gymnasium and auditorium shall not apply to

514 school building projects for which applications for review of
515 preliminary plans and specifications on Form 2A were submitted prior
516 to October 1, 1975, in the case of towns and prior to October 15, 1975,
517 in the case of regional school districts.

518 (4) Commencing with the school construction projects authorized by
519 the General Assembly during the fiscal year ending June 30, 1985, and
520 for all such projects so authorized thereafter, the calculation of grants
521 pursuant to this section shall be made in accordance with the state
522 standard space specifications in effect at the time of the final grant
523 calculation, except that on and after July 1, 2005, in the case of a school
524 district with an enrollment of less than one hundred fifty students in
525 grades kindergarten to grade eight, inclusive, state standard space
526 specifications shall not apply in the calculation of grants pursuant to
527 this section and the Commissioner of Education may modify the
528 standard space specifications for a project in such district.

529 (c) In the computation of grants pursuant to this section for any
530 school building project authorized by the General Assembly pursuant
531 to section 10-283 after January 1, 1993, any maximum square footage
532 per pupil limit established pursuant to this chapter or any regulation
533 adopted by the State Board of Education pursuant to this chapter shall
534 be increased by twenty-five per cent for a building constructed prior to
535 1950, except that a board of education may apply to the department by
536 June 30, 2002, for use of such increased percentage for a building
537 constructed prior to July 1, 1951.

538 (d) In the computation of grants pursuant to this section for any
539 school building project authorized by the General Assembly pursuant
540 to section 10-283 after January 1, 2004, any maximum square footage
541 per pupil limit established pursuant to this chapter or any regulation
542 adopted by the State Board of Education pursuant to this chapter shall
543 be increased by up to one per cent to accommodate a heating,
544 ventilation or air conditioning system, if needed.

545 Sec. 10. Subdivision (16) of subsection (a) of section 16a-48 of the

546 general statutes is repealed and the following is substituted in lieu
547 thereof (*Effective October 1, 2006*):

548 (16) "Commercial refrigerators and freezers" means reach-in
549 cabinets, pass-through cabinets, roll-in cabinets and roll-through
550 cabinets that have less than eighty-five feet of capacity [. "Commercial
551 refrigerators and freezers" does not include walk-in models or
552 consumer products regulated under the federal National Appliance
553 Energy Conservation Act of 1987] designed for the refrigerated or
554 frozen storage of food and food products.

555 Sec. 11. Subsection (a) of section 16a-48 of the general statutes is
556 amended by adding subdivisions (23) to (41), inclusive, as follows
557 (*Effective October 1, 2006*):

558 (NEW) (23) "Electricity ratio" means the ratio of furnace electricity
559 use to total furnace energy use;

560 (NEW) (24) "Boiler" means a space heater that is a self-contained
561 appliance for supplying steam or hot water primarily intended for
562 space-heating. "Boiler" does not include hot water supply boilers;

563 (NEW) (25) "Central furnace" means a self-contained space heater
564 designed to supply heated air through ducts of more than ten inches in
565 length;

566 (NEW) (26) "Residential furnace or boiler" means a product that
567 utilizes only single-phase electric current, or single-phase electric
568 current or DC current in conjunction with natural gas, propane or
569 home heating oil, and which (A) is designed to be the principal heating
570 source for the living space of a residence; (B) is not contained within
571 the same cabinet with a central air conditioner with a rated cooling
572 capacity of not less than 65,000 BTUs per hour; (C) is an electric central
573 furnace, electric boiler, forced-air central furnace, gravity central
574 furnace, or low pressure steam or hot water boiler; and (D) has a heat
575 input rate of less than 300,000 BTUs per hour for electric boilers and
576 low pressure steam or hot water boilers and less than 225,000 BTUs per

577 hour for forced-air central furnaces, gravity central furnaces and
578 electric central furnaces;

579 (NEW) (27) "Furnace air handler" means the section of the furnace
580 that includes the fan, blower and housing, generally upstream of the
581 burners and heat exchanger. The furnace air handler may include a
582 filter and a cooling coil;

583 (NEW) (28) "High-intensity discharge lamp" means a lamp in which
584 light is produced by the passage of an electric current through a vapor
585 or gas, and in which the light-producing arc is stabilized by bulb wall
586 temperature and the arc tube has a bulb wall loading in excess of three
587 watts per square centimeter;

588 (NEW) (29) "Medium voltage dry-type distribution transformer"
589 means a transformer that (A) has an input voltage of not less than 600
590 volts but not more than 34,500 volts; (B) is air-cooled; (C) does not use
591 oil as a coolant; and (D) is rated for operation at a frequency of 60
592 Hertz. "Medium voltage dry-type distribution transformer" does not
593 mean devices with multiple voltage taps, with the highest voltage tap
594 not less than twenty per cent more than the lowest voltage tap, or
595 devices that are designed to be used in a special purpose application
596 and are unlikely to be used in general purpose applications including
597 drive transformers, rectifier transformers, auto transformers,
598 uninterruptible power system transformers, impedance transformers,
599 regulating transformers, sealed and nonventilating transformers,
600 machine tool transformers, welding transformers, grounding
601 transformers or testing transformers;

602 (NEW) (30) "Metal halide lamp" means a high intensity discharge
603 lamp in which the major portion of the light is produced by radiation
604 of metal halides and their products of dissociation, possibly in
605 combination with metallic vapors;

606 (NEW) (31) "Metal halide lamp fixture" means a light fixture
607 designed to be operated with a metal halide lamp and a ballast for a
608 metal halide lamp;

609 (NEW) (32) "Probe start metal halide ballast" means a ballast used to
610 operate metal halide lamps that does not contain an ignitor and that
611 instead starts lamps by using a third starting electrode probe in the arc
612 tube;

613 (NEW) (33) "Single voltage external AC to DC power supply" means
614 a device that (A) is designed to convert line voltage AC input into
615 lower voltage DC output; (B) is able to convert to only one DC output
616 voltage at a time; (C) is sold with, or intended to be used with, a
617 separate end-use product that constitutes the primary power load; (D)
618 is contained within a separate physical enclosure from the end-use
619 product; (E) is connected to the end-use product in a removable or
620 hard-wired male and female electrical connection, cable, cord or other
621 wiring; (F) does not have batteries or battery packs, including those
622 that are removable or that physically attach directly to the power
623 supply unit; (G) does not have a battery chemistry or type selector
624 switch and indicator light, or does not have a battery chemistry or type
625 selector switch and a state of charge meter; and (H) has a nameplate
626 output power less than or equal to 250 watts;

627 (NEW) (34) "State regulated incandescent reflector lamp" means a
628 lamp that is not colored or designed for rough or vibration service
629 applications, that has an inner reflective coating on the outer bulb to
630 direct the light, and E26 medium screw base, and a rated voltage or
631 voltage range that lies at least partially within 115 to 130 volts, and that
632 falls into one of the following categories: (A) A bulged reflector or
633 elliptical reflector or a blown PAR bulb shape and that has a diameter
634 that equals or exceeds 2.25 inches, or (B) a reflector, parabolic
635 aluminized reflector, bulged reflector or similar bulb shape and that
636 has a diameter of 2.25 to 2.75 inches. "State regulated incandescent
637 reflector lamp" does not include ER30, BR30, BR40 and ER40 lamps of
638 not more than fifty watts, BR30, BR40 and ER40 lamps of sixty-five
639 watts and R20 lamps of not more than forty-five watts;

640 (NEW) (35) "Bottle-type water dispenser" means a water dispenser
641 that uses a bottle or reservoir as the source of potable water;

642 (NEW) (36) "Commercial hot food holding cabinet" means a heated,
643 fully-enclosed compartment with one or more solid or partial glass
644 doors that is designed to maintain the temperature of hot food that has
645 been cooked in a separate appliance. "Commercial hot food holding
646 cabinet" does not include heated glass merchandizing cabinets, drawer
647 warmers or cook-and-hold appliances;

648 (NEW) (37) "Pool heater" means an appliance designed for heating
649 nonpotable water contained at atmospheric pressure for swimming
650 pools, spas, hot tubs and similar applications, including natural gas,
651 heat pump, oil and electric resistance pool heaters;

652 (NEW) (38) "Portable electric spa" means a factory-built electric spa
653 or hot tub, supplied with equipment for heating and circulating water;

654 (NEW) (39) "Residential pool pump" means a pump used to
655 circulate and filter pool water in order to maintain clarity and
656 sanitation;

657 (NEW) (40) "Walk-in refrigerator" means a space refrigerated to
658 temperatures at or above thirty-two degrees Fahrenheit that can be
659 walked into and is designed for the refrigerated storage of food and
660 food products;

661 (NEW) (41) "Walk-in freezer" means a space refrigerated to
662 temperatures below thirty-two degrees Fahrenheit that can be walked
663 into and is designed for the frozen storage of food and food products.

664 Sec. 12. Subsection (b) of section 16a-48 of the general statutes is
665 repealed and the following is substituted in lieu thereof (*Effective*
666 *October 1, 2006*):

667 (b) The provisions of this section apply to the testing, certification
668 and enforcement of efficiency standards for the following types of new
669 products sold, offered for sale or installed in the state: (1) Commercial
670 clothes washers; (2) commercial refrigerators and freezers; (3)
671 illuminated exit signs; (4) large packaged air-conditioning equipment;

672 (5) low voltage dry-type distribution transformers; (6) torchiere
673 lighting fixtures; (7) traffic signal modules; (8) unit heaters; (9)
674 residential furnaces and boilers, (10) medium voltage dry-type
675 transformers, (11) metal halide lamp fixtures, (12) single voltage
676 external AC to DC power supplies, (13) state regulated incandescent
677 reflector lamps, (14) bottle-type water dispensers, (15) commercial hot
678 food holding cabinets, (16) portable electric spas, (17) walk-in
679 refrigerators and walk-in freezers, (18) pool heaters, and [(9)] (19) any
680 other products as may be designated by the department in accordance
681 with subdivision (3) of subsection (d) of this section.

682 Sec. 13. Subdivision (1) of subsection (d) of section 16a-48 of the
683 general statutes is repealed and the following is substituted in lieu
684 thereof (*Effective October 1, 2006*):

685 (d) (1) [Not later than July 1, 2005, the] The department, in
686 consultation with the secretary, shall adopt regulations, in accordance
687 with the provisions of chapter 54, to implement the provisions of this
688 section and to establish minimum energy efficiency standards for the
689 types of new products set forth in subsection (b) of this section. The
690 regulations shall provide for the following minimum energy efficiency
691 standards:

692 (A) Commercial clothes washers shall meet the requirements shown
693 in Table P-3 of section 1605.3 of the California Code of Regulations,
694 Title 20: Division 2, Chapter 4, Article 4;

695 (B) [commercial] Commercial refrigerators and freezers shall meet
696 the August 1, 2004, requirements shown in Table A-6 of [said
697 California regulation] the California Code of Regulations, Title 20:
698 Division 2, Chapter 4, Article 4;

699 (C) [illuminated] Illuminated exit signs shall meet the version 2.0
700 product specification of the "Energy Star Program Requirements for
701 Exit Signs" developed by the United States Environmental Protection
702 Agency;

703 (D) [large] Large packaged air-conditioning equipment having not
704 more than 760,000 BTUs per hour of capacity shall meet a minimum
705 energy efficiency ratio of 10.0 for units using both electric heat and air
706 conditioning or units solely using electric air conditioning, and 9.8 for
707 units using both natural gas heat and electric air conditioning;

708 (E) [large] Large packaged air-conditioning equipment having not
709 less than 761,000 BTUs per hour of capacity shall meet a minimum
710 energy efficiency ratio of 9.7 for units using both electric heat and air
711 conditioning or units solely using electric air conditioning, and 9.5 for
712 units using both natural gas heat and electric air conditioning;

713 (F) [low] Low voltage dry-type distribution transformers shall meet
714 or exceed the energy efficiency values shown in Table 4-2 of the
715 National Electrical Manufacturers Association Standard TP-1-2002;

716 (G) [torchiere] Torchiere lighting fixtures shall not consume more
717 than 190 watts and shall not be capable of operating with lamps that
718 total more than 190 watts;

719 (H) [traffic] Traffic signal modules shall meet the product
720 specification of the "Energy Star Program Requirements for Traffic
721 Signals" developed by the United States Environmental Protection
722 Agency that took effect in February, 2001, except where the
723 department, in consultation with the Commissioner of Transportation,
724 determines that such specification would compromise safe signal
725 operation;

726 (I) [unit] Unit heaters shall not have pilot lights and shall have either
727 power venting or an automatic flue damper;

728 (J) On or after January 1, 2008, residential furnaces and boilers
729 purchased by the state shall meet or exceed the following annual fuel
730 utilization efficiency: (i) For gas and propane furnaces, ninety per cent
731 annual fuel utilization efficiency, (ii) for oil furnaces, eighty-three per
732 cent annual fuel utilization efficiency, (iii) for gas and propane hot
733 water boilers, eighty-four per cent annual fuel utilization efficiency,

734 (iv) for oil-fired hot water boilers, eighty-four per cent annual fuel
735 utilization efficiency, (v) for gas and propane steam boilers, eighty-two
736 per cent annual fuel utilization efficiency, (vi) for oil-fired steam
737 boilers, eighty-two per cent annual fuel utilization efficiency and (vii)
738 for furnaces with furnace air handlers, an electricity ratio of not more
739 than 2.0, except air handlers for oil furnaces with a capacity of less than
740 94,000 BTUs per hour shall have an electricity ratio of 2.3 or less;

741 (K) On or after January 1, 2008, medium voltage dry-type
742 distribution transformers shall meet minimum efficiency levels three-
743 tenths of a percentage point higher than the Class 1 efficiency levels for
744 medium voltage distribution transformers specified in Table 4-2 of the
745 "Guide for Determining Energy Efficiency for Distribution
746 Transformers" published by the National Electrical Manufacturers
747 Association in 2002;

748 (L) On or after January 1, 2009, metal halide lamp fixtures designed
749 to be operated with lamps rated greater than or equal to 150 watts but
750 less than or equal to 500 watts shall not contain a probe-start metal
751 halide lamp ballast;

752 (M) For sales on or after January 1, 2008, single-voltage external AC
753 to DC power supplies shall meet the energy efficiency standards of
754 table U-1 of section 1605.3 of the January 2006 California Code of
755 Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance
756 Efficiency Regulations. This standard applies to single voltage AC to
757 DC power supplies that are sold individually and to those that are sold
758 as a component of or in conjunction with another product. This
759 standard shall not apply to single voltage external AC to DC power
760 supplies sold with products subject to certification by the United States
761 Food and Drug Administration. A single-voltage external AC to DC
762 power supply that is made available by a manufacturer directly to a
763 consumer or to a service or repair facility after and separate from the
764 original sale of the product requiring the power supply as a service
765 part or spare part shall not be required to meet the standards in said
766 table U-1 until five years after the effective dates indicated in the table;

767 (N) On or after January 1, 2008, state regulated incandescent
768 reflector lamps shall be manufactured to meet the minimum average
769 lamp efficacy requirements for federally-regulated incandescent
770 reflector lamps contained in 42 USC 6295 (i)(1)(A). Each lamp shall
771 indicate the date of manufacture;

772 (O) On or after January 1, 2008, bottle-type water dispensers,
773 commercial hot food holding cabinets, portable electric spas, walk-in
774 refrigerators and walk-in freezers shall meet the efficiency
775 requirements of section 1605.3 of the January 2006 California Code of
776 Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance
777 Efficiency Regulations. On or after January 1, 2010, residential pool
778 pumps shall meet said efficiency requirements;

779 (P) On or after January 1, 2008, pool heaters shall meet the efficiency
780 requirements of sections 1605.1 and 1605.3 of the January 2006
781 California Code of Regulations, Title 20, Division 2, Chapter 4, Article
782 4: Appliance Efficiency Regulations.

783 Sec. 14. Subsection (g) of section 16a-48 of the general statutes is
784 repealed and the following is substituted in lieu thereof (*Effective*
785 *October 1, 2006*):

786 (g) Manufacturers of new products set forth in subsection (b) of this
787 section or designated by the department shall certify to the secretary
788 that such products are in compliance with the provisions of this
789 section, except that certification is not required for single voltage
790 external AC to DC power supplies and walk-in refrigerators and walk-
791 in freezers. All single voltage external AC to DC power supplies shall
792 have an internationally accepted label affixed. The department, in
793 consultation with the secretary, shall promulgate regulations
794 governing the certification of such products and the requirements for
795 labeling products for which certification is not required. The secretary
796 shall publish an annual list of such products.

797 Sec. 15. Section 4a-67c of the general statutes is repealed and the
798 following is substituted in lieu thereof (*Effective October 1, 2006*):

799 The Department of Administrative Services and each other
800 budgeted agency, as defined in section 4-69, exercising procurement
801 authority shall procure equipment and appliances for state use which
802 meet or exceed the federal energy conservation standards set forth in
803 the Energy Policy and Conservation Act, 42 USC 6295, any federal
804 regulations adopted thereunder, [and] any applicable energy
805 performance standards established in accordance with subsection (j) of
806 section 16a-38 and meet the federal Energy Star standards. Purchases
807 of equipment and appliances for which energy performance standards
808 have been established pursuant to subsection (j) of section 16a-38 shall
809 be (1) made from among those specific models of equipment and
810 appliances which meet such standards, and (2) based, when possible,
811 on competitive bids. Such bids shall be evaluated on the basis of the
812 life-cycle cost standards, if any, established pursuant to subsection (b)
813 of section 16a-38.

814 Sec. 16. (NEW) (*Effective from passage*) (a) Notwithstanding the
815 provisions of title 16 of the general statutes, a customer who
816 implements energy conservation or customer-side distributed
817 resources, as defined in section 16-1 of the 2006 supplement to the
818 general statutes, on or after April 1, 2007, shall be eligible for Class III
819 renewable energy credits, pursuant to section 16-243q of the 2006
820 supplement to the general statutes. The Class III credit shall be not less
821 than one cent per kilowatt hour or fifty per cent of the value of the
822 Class I renewable energy credit, whichever is greater. The credits
823 earned pursuant to this section shall be aggregated and directed to the
824 Conservation and Load Management programs pursuant to section 16-
825 245m of the 2006 supplement to the general statutes. Not later than
826 January 1, 2007, the Department of Public Utility Control shall conduct
827 a contested case proceeding in accordance with the provisions of
828 chapter 54 of the general statutes, to develop a procedure for awarding
829 and aggregating credits pursuant to this section.

830 (b) In order to be eligible for ongoing Class III renewable energy
831 credits, the customer shall, annually, submit an application, in a form
832 prescribed by the Department of Public Utility Control, to said

833 department. The application shall require (1) certification by an
834 independent licensed engineer, and (2) (A) the number of kilowatt
835 hours generated from the customer-side distributed resource system
836 for the annual period, or (B) the number of kilowatt hours reduced by
837 the energy conservation investments for the annual period.

838 Sec. 17. Subsection (e) of section 16-243q of the 2006 supplement to
839 the general statutes is repealed and the following is substituted in lieu
840 thereof (*Effective October 1, 2006*):

841 (e) The Department of Public Utility Control shall conduct a
842 contested proceeding to develop the administrative processes and
843 program specifications that are necessary to implement a Class III
844 conservation and distributed resources trading program. The
845 proceeding shall include, but not be limited to, an examination of
846 issues such as (1) the manner in which qualifying activities are
847 certified, tracked and reported, (2) the manner in which Class III
848 certificates are created, accounted for and transferred, [(3) the
849 feasibility and benefits of expanding eligible Class III resources to
850 include those resulting from electricity savings made by residential
851 customers, (4)] (3) verification of the accuracy of conservation and
852 customer-side distributed resources credits, [(5)] (4) verification of the
853 fact that resources or credits used to satisfy the requirement of this
854 section have not been used to satisfy any other portfolio or similar
855 requirement, [(6)] (5) the manner in which credits created by
856 conservation and customer-side distributed resources may best be
857 allocated to maximize the impact of the trading program, and [(7)] (6)
858 setting such alternative payment amounts at a level that encourages
859 development of conservation and customer-side distributed resources.
860 The department may retain the services of a third party entity with
861 expertise in the development of energy efficiency trading or
862 verification programs to assist in the development and operation of the
863 program. The department shall issue a decision no later than February
864 1, [2006] 2007."